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BANGLADESH: Recent measures designed to restore public confidence in the government appear to be having some success.

Prime Minister Mujib returned home last month, following an operation and seven weeks of convalescence in Europe, to find that public restiveness was mounting because of government corruption and maladministration. Mujib responded quickly, dismissing a number of middle- and upper-level bureaucrats and expelling 19 allegedly corrupt legislators from the ruling Awami League party. Under existing regulations the 19 automatically lost their seats in the national legislature. The government also closed three far-left opposition journals, instituted new antismuggling measures, and announced that the long-delayed draft constitution would be presented at a legislative session that convened yesterday. Additionally, the regime stepped up its efforts to arrest and prosecute persons accused of collaboration last year with Pakistan and decreed a tough new labor policy designed to stem growing unrest in the small labor movement.

This activity appears to have restored a considerable measure of public confidence in the government. Moreover, no opposition group has become strong enough to pose a credible alternative to Mujib.

however, as well as continuing food and clothing shortages, remain serious problems. Heavy criticism probably will surface again unless the government's performance improves. (CONFIDENTIAL)

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HONDURAS: President Cruz has scuttled at least for the present the most recent efforts to revive the Central American Common Market by demanding prior international arbitration of the disputed frontier with El Salvador.

Cruz, whose inflexible attitude has blocked delineation of the border for almost a year, has now tied acceptance of his method of settlement to regional economic problems by rejecting a proposal for restructuring the market until the border is settled. He did not, however, rule out Honduran attendance at the discussion sessions scheduled to begin on 20 November.

The rejected proposal had been drafted by the common market secretariat in response to Honduran complaints that the five-member market had benefited only the more developed partners. Many observers, including US officials, believe the plan is a reasonable basis for negotiations, but with no hope that Honduras will sign any agreement until El Salvador has given in on the border dispute, Cruz' position may well be interpreted as diplomatic blackmail. (CONFIDENTIAL)

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DENMARK: Convocation of the Vietnam "War Crimes Tribunal" in Christiansborg Palace, the seat of parliament, and the participation of Prime Minister Jorgensen and other government officials constitute a high point for pro-Hanoi activity in Copenhagen. At the opening meeting on 10 October, Jorgensen soundly denounced "systematic US bombing" in Vietnam and stated that his government was preparing a "substantial" assistance program for Vietnam after hostilities end. Other such meetings have been held in Stockholm and in Oslo, but in less prestigious facilities. The opposition press has scored Jorgensen for permitting the use of Christiansborg, and one newspaper reminded its readers that unlike Sweden, whose Vietnam policy is also critical of the US, Denmark is a NATO partner. Jorgensen is an active member of the local group that is sponsoring the tribunal. He is no novice in anti-US circles. His extremely accommodating behavior toward the tribunal may be intended to convince Danish leftists that his attitude has not changed now that he heads the government. (CONFIDENTIAL NO FOREIGN DISSEM)

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MALAGASY REPUBLIC: Philibert Tsiranana has stepped down as president, following the overwhelming affirmative vote in a referendum last weekend to abolish the office of president and to give General Ramanantsoa a five-year mandate. Tsiranana, who held office for 14 years, had been only a figurehead since May when student and labor demonstrators forced him to turn real power over to the military. Ramanantsoa has since won widespread acceptance throughout the island by responding to popular demands for political and economic reforms and by trying to reduce Madagascar's dependence on France. The size of Ramanantsoa's victory in the referendum will strengthen his hand in resisting the more radical demands of the students and workers who brought him to power. (CONFIDENTIAL)

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LAOS: The Communists are moving ahead with preparations for peace talks. Lao Communist leader Souphanouvong has named Phoune Sipraseuth to lead a ten-man negotiations delegation scheduled to arrive in Vientiane this weekend. Phoune, a relatively high-ranking Pathet Lao official, was also named Souphanouvong's plenipotentiary during an abortive attempt to get talks started in 1970. In addition to several other Pathet Lao officials, Souphanouvong named three "Patriotic Neutralist" officials to the delegation--probably to give it a broadly based appearance. Although no date has been set for the beginning of the talks, the Communists are still holding to the line that talks can start without a US bombing halt throughout the country. (CONFIDENTIAL)

* * * *

CHILE: The government has cracked down swiftly on a widespread truckers' strike and may use the challenge to extend its economic control. A state of emergency has been declared, putting the army in charge of the economically vital central area where road blockades set up by the strikers had aggravated already sensitive distribution problems. The Allende administration averted an earlier strike threat by making some concessions, but its response to the new strike included threats to take over for state operation some 1,500 new trucks consigned to striking truck owners. The latter appear to be supported by about half their drivers. (Several labor and business groups intend to strike in sympathy today. If the government calls out the security forces as it did against the shopowners' shutdown in August, the present tensions could result in violence.) (CONFIDENTIAL)

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CANADA: With the federal election less than three weeks away, the Trudeau government has received bad news about inflation and unemployment. Consumer prices jumped again in September, largely as a result of higher food prices, and have now risen four percent since the beginning of the year. The inflation rate for the entire year is likely to exceed the 4.5 percent of 1969--a level that induced the government to adopt restrictive monetary and fiscal policies that now would be ruled out by high unemployment. Earlier this week, Trudeau was jolted by news that the September unemployment rate had climbed to 7.1 percent, the highest monthly rate in a year. Unemployment has been increasing since June, following a slight improvement earlier in the year. ((CONFIDENTIAL NO FOREIGN DISSEM))

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